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# THE POSTAL SERVICE.

BY E. F. LOUD.

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THE postal system must always be an interesting topic, for its efficient service is forced upon our attention every day by the missions of love, hope, business and pleasure it brings to us. Nearly every one in this great land is a patron of the post-office. It is, therefore, a subject of personal interest to every one, and all classes desire that the system shall be successfully conducted.

During the past year, disclosures have been made of dishonesty and unfaithfulness on the part of a very few of the post-office officials, about fifty out of 150,000 employees being involved in the wrong-doing. The publicity given to this wrong-doing has stimulated some to characterize the entire postal system as inefficient and corrupt. A moment's reflection will convince the thoughtful that the wrong-doing, however much to be deplored, does not in any way reflect upon the integrity of the many thousands of efficient employees in the postal service. Nor does it disclose any defect in the postal system itself. It is simply a development of the weakness of human nature. Such peculations will continue so long as the nature of man remains unchanged.

The United States Postal Service is the greatest in extent, and is as economically and as well managed as any other postal system in the world. The representatives of other countries are visiting this country to learn its methods, with the view of applying them in their own countries. This vast system is conducted by as efficient and faithful a body of men as can be produced in any country. The operations of the Department involve the handling of more than a billion dollars every year; and the annual cost of conducting the business is about \$150,000,000.

The postal service is extravagantly managed; but that is true of all government departments, as compared with private business

enterprises. One potent reason for this is, that a government department, particularly the Post-office Department, is organized to extend facilities to the people without regard to the result as a matter of profit or loss. A private corporation quickly eliminates every element that involves loss, and as far as possible transacts only such business as results in profit. Again, few men can, at once successfully and economically, manage an institution in which they have no financial interest or hope of reward.

I once heard that a Postmaster-General called a new postmaster at an important office to Washington for instructions, and the instructions were, "Turn in all the money you receive, and satisfy the people."

It is worthy of note that, while it has not been suggested by any critic that the postal service should be taken out of the hands of the Government, it has been unfavorably compared with the express business. I will not follow that course in treating the subject, but will briefly discuss, from the standpoint of one who has had some years' experience with and in the postal service, some of the criticisms which have been made upon it, and the additions to its present functions which have been proposed.

In discussing these questions, I shall do so with information and experience gained by contact with the postal service, and without prejudice or bias. If I differ from others who have written upon these same questions, the differences may be due to the fact that we have looked at the subject with different eyes and from different points of view.

Before I entered Congress in 1890, and with varying vigor ever since, constant efforts have been made to induce Congress to establish a parcels post, a postal telegraph, and a postal savings-banks, and to revise the railway-mail pay.

I will take up these questions in the order mentioned, and, so far as I am able, will treat them with that impartiality and fairness that their importance demands.

It is often carelessly stated that one man dominates Congress, or terms of similar import. Any one who has had experience in either the Senate or the House knows full well that such statements, however attractive in print, have no foundation in fact. Neither can a Member of Congress dominate a Department. Congress is composed of men who represent their people, and unless the will of the majority is in accord with his, a member can

accomplish nothing. The House of Representatives has never yet been influenced by any one man except in accordance with its judgment; and in the end the judgment and will of the majority prevail.

Neither the Post-office Committee, nor its chairman, ever has had, nor will have, any voice in the management of the Post-office Department, save such as may be involved in preparing and recommending the passage of the appropriation bills, criticising the service, and suggesting laws for the control of the business. The Post-office Committee may be criticised because it has not recommended the establishment of parcels post, postal telegraph, postal savings-banks, and a revision of railway-mail pay, etc. I do not believe, however, that these projects, if adopted, would prove advantageous to the interests of all the people.

#### PARCELS POST.

Congress has been urged for a number of years to establish the parcels post system, to be operated in conjunction with the postal service. It is true that many of those who have favored this service are considered practical business men; and it is equally true that there is hardly a sincere socialist who has not, in season and out of season, advocated it. To the socialist it is a step towards the attainment of the end he has in view—the ownership and operation of everything under one great centralized power of the people, for the people, and by the people.

An express business is not a proper function of the postal system, which is not organized to do that character of transportation. Its adoption would involve the organization of an entirely new branch of business, the providing of large and expensive warehouses in all the large cities of the country, the ownership and use of vast drayage and wagon systems, also an entirely new system of transmission, unless the advocates of the measure propose to carry the parcels post matter on fast trains with mails at maximum cost, which would be impracticable, because of delay in loading and unloading, etc.

I doubt whether any one advocating the parcels post has a clear idea as to the effect that the adoption of the system in this country would produce.

It is reasonable to expect that the proprietors of the great department stores would favor a parcels post, for it would probably

be much to their advantage; the country merchants, however, if consulted, would probably be just as earnestly opposed to it, because it would injure their business.

I will not advocate the cause of either; I am willing that the law of trade shall control both.

I believe in the cheap transmission of goods to the people, and of the transportation of the farmers' products to the market as cheaply as any one is able to do the service, and all will be transmitted, by the laws of commerce, as cheaply as the work can be done, for, while rates may be temporarily excessive, the laws of commerce will ultimately prevail. I want as cheap an interchange of goods and products as can be had, but I do not wish to be taxed to transmit the goods and products of others. Those who favor parcels post, say that England, France, Germany and other countries have the system, and that it works well. That is true, but the conditions geographically and socially are wholly different. In these countries, the dense population is concentrated and the distances are not great. These conditions might make the system practicable and profitable there, while our conditions would make it impracticable and unprofitable here. The officials in the countries named do not know whether the parcels post system is profitable or not. I have been credibly informed that, so far as England is concerned,—and that is the only country that attempted to find the cost,—so long as a separate account was kept of the service, it was found to be conducted at a considerable loss, and the only way in which it could be held to be a great success was to quit bookkeeping. A government that has the taxing power can do this, but an individual that has to furnish the resources could not maintain his credit long under this method.

It is not to be disputed that the Government cannot do anything as cheaply as the individual. Government is not constituted to do business other than such as it must do for national protection and defence. In the erection of public buildings, the Government invests two dollars where an individual would invest one to secure the same space. A vast number of buildings would have to be built if parcels post were adopted, and a vast outlay would result.

It is fair to assume that the express business is profitable; but what evidence is there that the Government could make it pay expenses, charging the same rates? There are many reasons why

it could not. It would cost many millions to prepare for the service. The system of government management is not founded on business principles.

We have a striking example for comparison in the money-order business. The Government and the express companies charge substantially the same rates. The Government nets a large loss. I assume the express companies make a profit, or they would discontinue the business. I do not overlook the fact that the printed reports give a large profit on the money-order business; it can be demonstrated, however, that only a portion of the expense attending the conduct of the business is considered.

#### POSTAL TELEGRAPH.

Many of those who advocate parcels posts insist that we should have a cheap postal telegraph, and among this class are most of those who make a failure of managing their own or other people's business, but are always confident that they could successfully manage any business for the people. They seem to think that some restrictions have bound them in conducting their own affairs; but once given a full field in some large enterprise unrestrained by the petty annoyances of private business, and with a confiding and indulgent people, they will have reached the sphere for which they were created. Without doubt, they could give us a very popular postal telegraph system, so long as the people furnished the money. The people are patient and long-suffering, and they would never know, under the government system of book-keeping, whether a portion of the expense were paid from the general treasury, or whether all the expense was met by the receipts of the telegraph business.

Postal telegraph advocates also urge that European countries have made a great success of this system. The general impression seems to be that it is both cheap and profitable. I will make no comparison with any country but England, because no other country attempts to keep an account separate from the general postal business, and the charges are substantially the same, German rates being a little higher than those of France or England. The English charge is sixpence for twelve words, including address and signature. Address and signature for all cities would consume most of the twelve words, and a ten-word despatch would cost from twenty to twenty-five cents. Of course, you may register an

address for twenty-one shillings a year, which must be a great boon to the people generally, who send perhaps one message when some relative dies. To the large banks and firms who send hundreds or thousands of messages it means considerable saving. It must be borne in mind that England is no larger than the territory covered by the prevailing twenty-five-cent rate for ten words in this country, and the population is much more dense. Geographically, England may be compared to New England and the Middle States, and I have no doubt that the present telegraph management would make a reasonable profit in such territory at less than one cent per word, including address and signature.

In the face of the printed reports of the English postal telegraph service to the contrary, it is generally accepted that the service is profitable, or at least self-sustaining. Such I found to be the prevailing opinion among the English people at the time I made an official examination of the English postal system in 1899. There was published in my report on the foreign postal service an official report, giving the receipts and expenditures of the postal telegraph system from the time the Government took charge of the service in 1870, up to and including the fiscal year 1898, which shows that, at the time the Government took control, the business was profitable, paying a net profit the first year of its management of \$235,000, and the second year of \$25,000. Since that time it has shown an increasing deficit, which, in the year 1903, had reached \$4,461,325, the total deficit for the whole period being \$53,939,000, not including interest on the deficit.

The foreign rates are not cheap, and there is a very large deficit which must be to a large extent borne by people who seldom, if ever, use the service. There seems to be no just reason why conditions would be different here. We must assume that they would be worse. Our form of government I do not hold to be as well equipped for government management as England's. Conditions geographically and socially would also militate against us.

#### POSTAL SAVINGS-BANKS.

It has always seemed to me that, if the Government owed any duty to the citizen, it was in the direction of fostering self-reliance; if any practices or teachings are to be inculcated, they should be towards the independence of the individual. It cannot be the duty of Government to look carefully after the interests

and welfare of every individual in every direction; and, surely, if the Government should take care of the money of the citizen, should it not loan him money, and set him up in business, and direct the way in which he should conduct it? I have watched carefully the progress of legislative efforts since 1888, during which year, also in 1890, Congress came very near enacting legislation establishing postal savings-banks. In that measure it was proposed to pay four per cent. interest on deposits, with restrictions as to amount of deposit, etc. That rate of interest was considered very conservative, as the savings-banks of the country were at that time paying a higher rate. Let us suppose such legislation had been enacted, in what class of securities would the money have been invested so as to pay the interest? Government securities have not warranted the payment of more than one and a half per cent. for some years, and no first-class municipal bonds much more than two. Of course the rate of interest could have been reduced by legislative act, but let us look at probabilities rather than possibilities. Does any one suppose that it would have been possible to reduce the rate of interest received by ten, or twenty, millions of people, some millions of whom had votes, and many others influence in all the States and Congressional districts interested—the widow and the orphan, the man with the hoe, the horny-handed son of toil, and all the elements which soften the hearts of Congressmen, and make them love their fellow man? This representation may seem sordid, but I am taking human nature, perhaps not in the ideal sense, but in the practical, common, every-day sense, as you find men when their interests are at stake; and I have found very little difference between the man who owns the bank, and is not agonizing about postal savings-banks, and the man who might have his little mite on deposit with the Government. They all want what is coming to them, which is generally all they can get.

The postal savings-bank would mean a large perpetual national debt; and to adopt the system would necessitate the purchase of the whole amount of outstanding bonds, which amount, no one contends, would be sufficient to cover the amount that would be deposited. This course would inevitably increase the price of the securities and lower the rate of interest. There is no man so wise that he can tell what the rate of interest will be five or ten years hence. Twenty years ago four per cent. looked



so small that it would have attracted few depositors; yet, once adopted, it could not be reduced. The citizen whose opinion is worth considering seeks the most of life; using his judgment, he always seeks the bank that pays the highest rate of interest; the less he has, the more income he naturally wants for a dollar. The Government is not constituted to manage a successful banking business, it must work by the written statutory law so safely guarded as to surround it with insurmountable restraint. A banking business requires quick perception and at times action in many of the details of the business; no successful business institution can wait years for legislation to determine whether the rate of interest should be raised or lowered, or whether securities should be bought or sold. Some discretion must be lodged somewhere, but it cannot be safely lodged in legislative acts to be carried out by men who have no financial interest in their actions. There are plenty of good savings-banks throughout the country, and people with the present means of communication have no difficulty in reaching them. The depositor who is looking for a very high rate of interest may find a weak institution; he, however, would not patronize the Government bank, but those who have reason need not go far to find a sound institution that will pay in interest what money can earn. Discarding, however, that line of thought, it is not the function of the Government to furnish facilities for the investment of the people's money, which is the life of commerce and must be kept in active work to fulfil its proper function. European countries that have many socialistic features have postal savings-banks, but why should we desire to follow them? Is it because those countries have made a great success? Of course, the Government has the taxing power and can issue more bonds to pay the interest, which would be the inevitable result here. Would it not be better to allow the people to do such business as is properly theirs, and confine the Government to its legitimate functions of attending to that which the individual cannot successfully do?

#### RAILWAY-MAIL PAY.

Some people lay down the basis of things they propose discussing in the Postal Department, pointing out its shortcomings and trying to arouse a sentiment which shall bring the people to realize its defects, and thus lead to improvements which shall

put the postal service on a par with that of other civilized lands. It would be immodest to suggest here that a person competent to do this subject justice should at least be familiar with the practical workings of the postal service, both at home and abroad; a few garbled sentences, recollections of a portion of a sentence some one has uttered who is or has been connected with the postal service, cannot convey much of value to those who are seeking information.

These propositions are contained generally in the following allegations:

1st. That the service is inadequate and makes no material advance.

This is untrue; the service has made more material advance in the handling of written or printed mail matter than any similar service on the earth.

2d. That postal business is managed with lack of efficiency, economy, and no appreciation of the needs of the country; that the Postmaster-General and Assistants are selected for political considerations, and are not required to have knowledge of the service.

In part this is true, but such is the result of all governmental operation; and this imperfection or fault, if fault it be, is not restricted to this Government, it is fundamental. In all Governments, the management of affairs has been, is, and must of necessity continue to be placed in the hands of men skilled in politics. Our Government, and the English as well, are controlled by parties, with some policies in opposition; these parties strive for control; and, as the mind of the people seems to change, the different parties come into and go out of power. This, if there were no other, seems sufficient reason why Government should manage no more enterprises.

3d. That the service rendered in some respects is less liberal than formerly.

Except as to some articles wrongfully admitted to the second-class privilege, this is mere general criticism, addressed to nothing, and no practical improvement has been suggested.

4th. That the rate of payment for transportation of mails has not been reduced in twenty years, while all other rates have been reduced.

This is in a sense true. As an abstract proposition, there has been no reduction in the scale of rates paid to railroads; that is,

a railroad receiving a stated amount for carrying two hundred pounds, or any other given amount of mail, over its line daily, receives the same amount to-day that it did twenty years ago. But it must be borne in mind that this is only true, providing the road carries only the same amount. There are very few people who seem to understand the law governing the transportation of mail. Nothing original is stated when the allegation is made that the railroads receive the same pay to-day that they did twenty years ago. But whoever makes this statement either deliberately seeks to mislead the people, or else knows nothing about the subject. In approaching a question of this magnitude, one should feel that he stands upon absolutely secure ground. The subject has been very fully investigated during the last thirty years by at least three separate commissions, none of which has reported in favor of a reduction. A Joint Congressional Commission, composed of four Senators and four Representatives, was appointed in 1898, continuing such investigation nearly three years, and reporting to Congress in January, 1901. The testimony and report, comprising three large volumes, is and has been since that date a public document, and accessible to those who desire to inform themselves. The writer of this article was a member of that commission. With a view of making comparisons as to cost, he visited foreign countries, and while any accurate comparison cannot be made, because no account is kept of cost excepting in England, it is plainly apparent that in England the cost of carrying mail is greater than in this country; and the writer is convinced, from what could be gathered in France and Germany, that the same conditions prevail there. The commission was very forcibly struck by the great ignorance of this question on the part of officers of the best railroads in the country. Upon reflection, and with some little knowledge gained in the investigation, it does not seem so strange. In money received, the railway-mail business is only three per cent. of the total business of railroads, and the present officers have no recollection relative to the fixing of rates. The commission employed an expert, Professor Adams, of the University of Michigan, who, for the first time, after many months of patient and intelligent work, laid the subject before it in a form to be as plainly understood as the alphabet, and I have never hesitated to say that this report is the most valuable ever rendered upon this subject.

While the scale of pay has not been changed since 1878, I sometimes think that the man who framed the law "built better than he knew," for the Act itself takes advantage of the law that density of traffic should lower rates, and makes a constant automatic reduction. The maximum pay is \$42.75 per mile of road yearly for two hundred pounds a day, and the rate descends by degrees until it reaches \$21.37 per ton per mile of road a year. Or, to take it in a different way, the pay descends from \$1.17+ per ton per mile, to \$0.585+ per ton per mile. On a very few routes, where the average weight carried is below two hundred pounds, the rate is even above the maximum here given, but it is so small that it is not worth considering. This system of payment takes full advantage of the density of traffic, as well as the many other incidental questions surrounding it—notably, the railroads are required to deliver mail to post-offices within eighty rods of the station, which, in some cases, is a tax greater than the total amount of mail pay on the smaller routes. The greater amount of mail carried is met by a corresponding reduction in pay per pound. The average rate of pay for the whole country, including postal-car pay, was 26+ cents per ton per mile in 1873, and had fallen in 1898 to 12+ cents. Not including postal-car pay, it had fallen from 20+ cents in 1880 to 11+ cents in 1898. Whether this reduction is enough may be a debatable question, but the figures so far presented are simple mathematical facts upon which there can be no difference of opinion. These figures are furnished in Professor Adams's report to the commission, and they must dispose of the statement that there has been no reduction since 1878. It is going on every year, as the weighings are made to determine the rate of pay for the successive four years. Passenger rates have fallen since 1881 21 per cent., freight rates 44 per cent. and mail rates 39 per cent. The passenger mileage has increased since 1880 224+ per cent., ton mileage of freight 313+ per cent., and mail 555+ per cent.

It can readily be seen that the increased percentage of mail has been much greater than freight, and the fall in rates has been five per cent. less. It will also be observed that the decrease in percentages in passenger rates has not kept pace with freight. If the same increased economies can be utilized in the transportation of passengers and mail as are used in the transportation of freight, then the same reduction should be made in rates, that is, corre-

sponding with the increased density. But the tendency seems to be in the opposite direction. While, in the transportation of freight, twenty-five years ago a 20,000-pound freight-car would carry 25,000 pounds of paying freight, to-day it is common on most roads to have a 26,000-pound freight-car carry 60,000 to 65,000 pounds, and the latest freight-cars, weighing 33,000 pounds, carry 100,000 pounds of freight. The motive power, the wear and tear of track, wages of train-men, and many other things, do not distinguish between dead and paying weight. In passenger and mail traffic, the tendency is in the opposite direction. While a 60,000-pound sixty-foot car answered for the carriage of mail, a car the same length to-day weighs from 90,000 pounds to 100,000 pounds, and for through passenger traffic the weight and expense of the car are increasing all the time. The average weight of mail, and number of passengers per car cannot increase by reason of the demands of the times, the passenger demanding more of the comforts and frequency of service with increased speed, and the mail demanding the highest attainable rate of speed with a more thorough separation of mail *en route*. The reduction in passenger rates is legitimately chargeable to the large increase in suburban service, which permits of greater concentration and increased number of passengers per car.

The only question remaining to be solved, in order that we may have a clear understanding of the laws governing transportation, is whether the original rate was adequate pay or too high pay, and whether the earnings from the carriage of mail are such as to return a more than reasonable profit to the railroads. The first question cannot now be readily determined, but the latter can be answered with a reasonable degree of certainty by taking the earnings of each branch of the railroad business. As a transportation proposition, where the mail is carried outside of mail or apartment cars, and in bulk, the pay seems to be very high, but this is a small, what might be termed a retail, business; and the delivery of mail, the free transportation of Government agents under various titles, etc., may make it not a profitable business. I cannot discuss that portion of the business and obtain any mathematical result, nor can any one, so long as the payment is by weight, space being unknown. It is, however, an insignificant part of the mail business, below 5 per cent. of the whole. But where a part of a car or a whole car can be used, a reasonable

conclusion, by comparison with earnings of other service, may be reached. We know, with a reasonable degree of certainty, the average weight of mail transported in mail-cars of given space and weight, the average given us being two tons per car. It will be asked why they do not carry more, as two tons cannot be the maximum capacity. I believe a sixty-foot car can carry four tons of average mail and do the distributing that is necessary. But the car must run every day. Some days the mail is more than double the amount that it is on other days; and it must be borne in mind that the trend of mail from the great centres to the westward or outgoing is double what it is eastward or incoming. Hence, while in some sections and at times these cars are filled to the maximum, at other times they are not filled. For comparison, I will take a route across the continent, New York to San Francisco, for it embraces many different conditions. The earnings of a mail-car, with two tons of mail, would be \$531.26, three tons \$796.89; with twelve tons of first-class freight the earnings of the car would be \$720, with eight tons of express \$1,080. With ten passengers (The Interstate Commerce Commission gives this average), the earnings of car would be \$817.50. The passenger and mail cars, with load, we will allow, weigh much the same. The weight of the freight and express car is less than one-third the weight of the mail and passenger car. The mail will not average much more than two tons per car on this whole route. Mail and passengers are transported at a high rate of speed, and it is safe to say that it costs more to transport and operate six mail-cars than eighteen freight cars. The earnings of exclusive mail trains are less than earnings from either freight or passenger.

To sum up: while railway-mail pay attracts attention as the largest single item of postal expenditure, we must admit that it represents the most important feature of the postal operations, and whenever a revision seems necessary in the laws governing the expenditure, it is of vital importance to the commercial and social interests of the American people, that the question be handled conservatively, and only after thorough investigation by postal and transportation experts.

E. F. LOUD.